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Industrial Development Board

Twenty-first session
Vienna, 23-25 June 1999

Programme and Budget Committee

Fifteenth session
Vienna, 14-16 April 1999
Item 4 (b) of the provisional agenda

WORKING CAPITAL FUND FOR THE BIENNIUM 2000-2001

Proposals by the Director-General

Summary

Proposes the level and authorized purposes of the Working Capital Fund for the biennium 2000-2001, and reports on the status of the Fund as at 31 December 1998.

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Introduction

1. In accordance with financial regulation 5.4(a), the Programme and Budget Committee should recommend to the Industrial Development Board the amount and purposes of the Working Capital Fund.

2. Financial regulation 5.4(b) stipulates that "the sources of moneys for the Fund shall be advances from Members, which shall be made in the proportion of the scale of assessments established by the Conference for the contributions of Members to the regular budget. The advances shall be carried to the credit of the respective Members who made the advances".

I. BIENNIUM 1998-1999

3. In its decision GC.7/Dec.12, the General Conference decided that the level of the Working Capital Fund should be $6,610,000 and that the authorized purposes of the Fund for the 1998-1999 biennium should remain the same as those for the 1996-1997 biennium. The Conference also urged Member States to pay their outstanding assessed contributions as soon as possible to permit replenishment of the Working Capital Fund, and authorized the Director-General to advance from the Fund during the 1998-1999 biennium:

> "(i) Such sums as might be necessary to finance budgetary appropriations pending the receipt of contributions; sums so advanced should be reimbursed as soon as receipts from contributions were available for that purpose;
>
> (ii) Such sums as might be necessary to finance unforeseen and extraordinary expenses, excluding expenditures intended to compensate for any losses caused by fluctuation in exchange rates; for sums so advanced, the Director-General should make provision in the budget estimates for reimbursing the Working Capital Fund."

4 As of 31 December 1998, the status of the Fund was as follows:

Advances from Member States	$6,554,567
Unpaid advances	$ 55,433
Working Capital Fund	$6,610,000

The Fund is fully replenished to the level of Member States' advances.

5. In the absence of an authority to borrow funds from external sources, the Working Capital Fund provides a vital source of cash to meet the Organization's financial commitments when there is insufficient income from assessed contributions due to delays or non-payments by Member States. In 1998 and as reported in document IDB.19/13, the Director-General introduced a number of measures to reduce the cash outflow so that the Fund could be replenished to its established level. In February 1998, as a result of these measures, the Director-General was able to replenish the Fund to its established level for the first time since November 1995.

II. PROPOSALS FOR THE BIENNIUM 2000-2001

6. It is proposed that the current level of the Working Capital Fund of $6,610,000 and the authorized purposes of the Fund for 2000-2001 continue to be those established by the Conference in its decision GC.7/Dec.12.

7. The Director-General assumes that, for the 2000-2001 biennium, most Member States will continue to meet their obligations. However, unless there is a substantial reduction in the level of unpaid assessed contributions, the possibilities of keeping the Working Capital Fund replenished to its authorized level are limited. The continued replenishment of the Working Capital Fund is a priority of the Organization to ensure that prudent minimum levels of cash reserves are maintained. This would allow for the utilization of the Working Capital Fund in accordance with the approved purposes should the need arise.

III. ACTION REQUIRED OF THE COMMITTEE

8. The Committee may wish to recommend to the Industrial Development Board the adoption of the following draft decision:

> "The Industrial Development Board:
>
> "(a) Recommends to the General Conference that the level of the Working Capital Fund and the authorized purposes of the Fund for the 2000-2001 biennium remain the same as for the 1998-1999 biennium;
>
> "(b) Urges Member States to pay their outstanding assessed contributions as soon as possible to minimize the need to withdraw sums to meet shortfalls in the payment of assessed contributions."

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SCALE OF ASSESSMENTS FOR APPORTIONMENT OF THE REGULAR BUDGET EXPENSES

Scale of assessments for the fiscal period 2000-2001

Note by the Secretariat

Proposes a scale of assessments for the fiscal period 2000-2001, based on the application of the assessments rates adopted in resolution 52/215 by the United Nations General Assembly for the year 2000, adjusted to the membership of UNIDO.

I. SCALE OF ASSESSMENTS

1. In accordance with Article 15.1 of the Constitution of UNIDO, "regular budget expenditures shall be borne by the Members, as apportioned in accordance with a scale of assessment established by the Conference by a two-thirds majority of the Members present and voting, upon the recommendation of the Board adopted by a two-thirds majority of the Members present and voting, on the basis of a draft prepared by the Programme and Budget Committee."

2. Article 15.2 states that "the scale of assessments shall be based to the extent possible on the scale most recently employed by the United Nations. No Member shall be assessed more than twenty-five per cent of the regular budget of the Organization."

3. On 22 December 1997, the General Assembly adopted resolution 52/215 containing a new United Nations scale of assessments for the years 1998, 1999 and 2000. The proposed scale of assessments for contributions to the UNIDO regular budget for the fiscal period 2000-2001 is therefore based on the United Nations scale of assessments for the year 2000, adjusted to the membership of UNIDO.

4. Adjustments to the scale to include any State that may become a Member between now and the closure of the eighth session of the General Conference in accordance with Articles 3, 24 and 25 of the Constitution will be communicated to the Conference.

5. The application of the assessment rates adopted by the General Assembly for the year 2000 to the Member States of UNIDO in 2000 and 2001 results in a total of

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71.352 per cent, owing to differences in membership between the United Nations and UNIDO (see column 1 of annex). To produce a scale of assessment that covers 100 per cent of regular budget expenditures, it is necessary to apply a mathematical coefficient to the United Nations rates for UNIDO Member States. The coefficient is not applied to the rates of United Nations Member States paying the minimum assessment of 0.001 per cent, and it ensures that the maximum rate of any UNIDO Member State does not exceed 25 per cent. The coefficient calculation is shown in the table below.

6. Column 2 of the annex to the present note shows the adjusted rates for the scale of assessments for the fiscal period 2000-2001 for States that were Members of UNIDO as of 31 January 1999, by applying the coefficient 1.4772705 as explained in paragraph 5 above. Column 3 shows assessment rates for the fiscal period 1998-1999, which have been included for information purposes only.

7. In accordance with financial regulation 5.6, new Members shall be assessed for the year in which they become Members at rates to be determined by the Conference.

II. CURRENCY OF ASSESSMENTS

8. With effect from 1 January 1999, the Austrian schilling became a denomination of the euro and the exchange rate between the euro and the Austrian schilling was irrevocably fixed at euro 1 = Austrian schillings 13.7603. During the transition period for the replacement of Austrian schillings by euros, i.e. 1 January 1999 to 31 December 2001, the assessments will be shown in United States dollars and Austrian schillings, as well as the equivalent of the Austrian schilling amount in euros. Appropriate amendments to financial regulations 5.1(d) and 5.5(e) to replace references to Austrian schillings to euros will be initiated in due course.

III. ACTION REQUIRED OF THE COMMITTEE

9. The Committee may wish to propose to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Recommends to the General Conference the establishment of a scale of assessment for the fiscal period 2000-2001 based on the General Assembly resolution 52/215, adjusted to the membership of UNIDO on the understanding that new Members shall be assessed for the year in which they become Members on the basis of the United Nations scale of assessments, as applicable to UNIDO;

"(b) Urges Member States to pay their assessed contributions for the 2000-2001 biennium in accordance with financial regulation 5.5 (b)."

Table
Calculation of coefficient
(Percentage)

	UNITED NATIONS *Rate of assessment* *2000*	UNIDO *Rate of assessment* *2000-2001*
Total	71.352	100.000
UNIDO Member State with the highest assessment	20.573	25.000
UNIDO Member States paying the minimum assessment (0.001 per cent x 30 States)	0.030	0.030
Total for calculation of coefficient	50.749	74.970
Coefficient for 2000-2001: 74.970/50.749	1.4772705	

Annex

SCALE OF ASSESSMENTS FOR THE FISCAL PERIOD 2000-2001
(Percentage)

Member State	*United Nations assessment rates for year 2000* [a] (1)	*UNIDO assessment rates for 2000 and 2001* [b] (2)	*UNIDO assessment rates 1998-1999* (3)
Afghanistan	0.003	0.004	0.01
Albania	0.003	0.004	0.01
Algeria	0.086	0.127	0.23
Angola	0.010	0.015	0.01
Argentina	1.103	1.629	0.68
Armenia	0.006	0.009	0.07
Austria	0.942	1.392	1.23
Azerbaijan	0.011	0.016	0.16
Bahamas	0.015	0.022	0.03
Bahrain	0.017	0.025	0.03
Bangladesh	0.010	0.015	0.01
Barbados	0.008	0.012	0.01
Belarus	0.057	0.084	0.40
Belgium	1.104	1.631	1.43
Belize	0.001	0.001	0.01
Benin	0.002	0.003	0.01
Bhutan	0.001	0.001	0.01
Bolivia	0.007	0.010	0.01
Bosnia and Herzegovina	0.005	0.007	0.01
Botswana	0.010	0.015	0.01
Brazil	1.471	2.173	2.29
Bulgaria	0.011	0.016	0.11
Burkina Faso	0.002	0.003	0.01
Burundi	0.001	0.001	0.01
Cambodia	0.001	0.001	0.01
Cameroon	0.013	0.019	0.01
Cape Verde	0.002	0.003	0.01
Central African Republic	0.001	0.001	0.01
Chad	0.001	0.001	0.01
Chile	0.136	0.201	0.11
China	0.995	1.470	1.05
Colombia	0.109	0.161	0.14
Comoros	0.001	0.001	0.01
Congo	0.003	0.004	0.01
Costa Rica	0.016	0.024	0.01
Côte d'Ivoire	0.009	0.013	0.01
Croatia	0.030	0.044	0.13
Cuba	0.024	0.036	0.07
Cyprus	0.034	0.050	0.04
Czech Republic	0.107	0.158	0.35
Democratic People's Republic of Korea	0.015	0.022	0.07
Democratic Republic of the Congo	0.007	0.010	0.01
Denmark	0.692	1.022	1.02
Djibouti	0.001	0.001	0.01

Member State	*United Nations assessment rates for year 2000* [a] (1)	*UNIDO assessment rates for 2000 and 2001* [b] (2)	*UNIDO assessment rates 1998-1999* (3)
Dominica	0.001	0.001	0.01
Dominican Republic	0.015	0.022	0.01
Ecuador	0.020	0.030	0.03
Egypt	0.065	0.096	0.11
El Salvador	0.012	0.018	0.01
Equatorial Guinea	0.001	0.001	0.01
Eritrea	0.001	0.001	0.01
Ethiopia	0.006	0.009	0.01
Fiji	0.004	0.006	0.01
Finland	0.543	0.802	0.88
France	6.545	9.669	9.09
Gabon	0.015	0.022	0.01
Gambia	0.001	0.001	0.01
Georgia	0.007	0.010	0.16
Germany	9.857	14.562	12.82
Ghana	0.007	0.010	0.01
Greece	0.351	0.519	0.54
Grenada	0.001	0.001	0.01
Guatemala	0.018	0.027	0.03
Guinea	0.003	0.004	0.01
Guinea-Bissau	0.001	0.001	0.01
Guyana	0.001	0.001	0.01
Haiti	0.002	0.003	0.01
Honduras	0.003	0.004	0.01
Hungary	0.120	0.177	0.20
India	0.299	0.442	0.44
Indonesia	0.188	0.278	0.20
Iran (Islamic Republic of)	0.161	0.238	0.64
Iraq	0.032	0.047	0.20
Ireland	0.224	0.331	0.30
Israel	0.350	0.517	0.38
Italy	5.437	8.032	7.43
Jamaica	0.006	0.009	0.01
Japan	20.573	25.000	22.15
Jordan	0.006	0.009	0.01
Kazakhstan	0.048	0.071	0.27
Kenya	0.007	0.010	0.01
Kuwait	0.128	0.189	0.27
Kyrgyzstan	0.006	0.009	0.04
Lao People's Democratic Republic	0.001	0.001	0.01
Lebanon	0.016	0.024	0.01
Lesotho	0.002	0.003	0.01
Liberia	0.002	0.003	0.01
Libyan Arab Jamahiriya	0.124	0.183	0.28
Lithuania	0.015	0.022	0.11
Luxembourg	0.068	0.101	0.10
Madagascar	0.003	0.004	0.01
Malawi	0.002	0.003	0.01
Malaysia	0.183	0.270	0.20

Member State	*United Nations assessment rates for year 2000* [a] (1)	*UNIDO assessment rates for 2000 and 2001* [b] (2)	*UNIDO assessment rates 1998-1999* (3)
Maldives	0.001	0.001	0.01
Mali	0.002	0.003	0.01
Malta	0.014	0.021	0.01
Mauritania	0.001	0.001	0.01
Mauritius	0.009	0.013	0.01
Mexico	0.995	1.470	1.12
Mongolia	0.002	0.003	0.01
Morocco	0.041	0.061	0.04
Mozambique	0.001	0.001	0.01
Myanmar	0.008	0.012	0.01
Namibia	0.007	0.010	0.01
Nepal	0.004	0.006	0.01
Netherlands	1.632	2.411	2.25
New Zealand	0.221	0.327	0.34
Nicaragua	0.001	0.001	0.01
Niger	0.002	0.003	0.01
Nigeria	0.032	0.047	0.16
Norway	0.610	0.901	0.79
Oman	0.051	0.075	0.06
Pakistan	0.059	0.087	0.08
Panama	0.013	0.019	0.01
Papua New Guinea	0.007	0.010	0.01
Paraguay	0.014	0.021	0.01
Peru	0.099	0.146	0.08
Philippines	0.081	0.120	0.08
Poland	0.196	0.290	0.47
Portugal	0.431	0.637	0.40
Qatar	0.033	0.049	0.06
Republic of Korea	1.006	1.486	1.16
Republic of Moldova	0.010	0.015	0.11
Romania	0.056	0.083	0.21
Russian Federation	1.077	1.591	6.04
Rwanda	0.001	0.001	0.01
Saint Kitts and Nevis	0.001	0.001	0.01
Saint Lucia	0.001	0.001	0.01
Saint Vincent and the Grenadines	0.001	0.001	0.01
Sao Tome and Principe	0.001	0.001	0.01
Saudi Arabia	0.562	0.830	1.00
Senegal	0.006	0.009	0.01
Seychelles	0.002	0.003	0.01
Sierra Leone	0.001	0.001	0.01
Slovakia	0.035	0.052	0.11
Slovenia	0.061	0.090	0.10
Somalia	0.001	0.001	0.01
Spain	2.591	3.828	3.37
Sri Lanka	0.012	0.018	0.01
Sudan	0.007	0.010	0.01
Suriname	0.004	0.006	0.01
Swaziland	0.002	0.003	0.01

Member State	*United Nations assessment rates for year 2000* [a] (1)	*UNIDO assessment rates for 2000 and 2001* [b] (2)	*UNIDO assessment rates 1998-1999* (3)
Sweden	1.079	1.594	1.74
Switzerland[c]	1.215	1.795	1.71
Syrian Arab Republic	0.064	0.095	0.08
Tajikistan	0.004	0.006	0.03
Thailand	0.170	0.251	0.18
The former Yugoslav Republic of Macedonia	0.004	0.006	0.01
Togo	0.001	0.001	0.01
Tonga[c]	0.001	0.001	0.01
Trinidad and Tobago	0.016	0.024	0.04
Tunisia	0.028	0.041	0.04
Turkey	0.440	0.650	0.54
Turkmenistan	0.006	0.009	0.04
Uganda	0.004	0.006	0.01
Ukraine	0.190	0.281	1.54
United Arab Emirates	0.178	0.263	0.27
United Kingdom of Great Britain and Northern Ireland	5.092	7.522	7.53
United Republic of Tanzania	0.003	0.004	0.01
Uruguay	0.048	0.071	0.06
Uzbekistan	0.025	0.037	0.18
Vanuatu	0.001	0.001	0.01
Venezuela	0.160	0.236	0.47
Viet Nam	0.007	0.010	0.01
Yemen	0.010	0.015	0.01
Yugoslavia[d]	0.026	0.038	0.14
Zambia	0.002	0.003	0.01
Zimbabwe	0.009	0.013	0.01
Total	**71.352**	**100.000**	**100.0**

[a] Based on General Assembly resolution 52/215.

[b] The scale in column (1) multiplied by the coefficient of 1.4772705. Coefficient is not applied to Member States with the maximum assessment rate of 25 per cent and the minimum rates of 0.001 per cent.

[c] Non-Member States of the United Nations that are Members of UNIDO.

[d] In accordance with General Conference resolution GC/S.1/Res.1, the Federal Republic of Yugoslavia (Serbia and Montenegro) cannot continue automatically the membership of the former Socialist Federal Republic of Yugoslavia in UNIDO. Subject to any amendment to the United Nations scale of assessments approved by the United Nations General Assembly, this rate will apply to the Federal Republic of Yugoslavia (Serbia and Montenegro) should it apply for membership in UNIDO and be accepted.

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FINANCIAL SITUATION OF UNIDO

Report by the Director-General

Provides information on the financial situation as at 31 December 1998, and updates the information provided in documents IDB.20/8-PBC.14/7 and IDB.20/CRP.3 on the progress achieved in the settlement of arrears and in the timely payment of assessed contributions, in compliance with Board decision IDB.19/Dec.5.

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I. OVERVIEW

1. The financial situation as at 31 December 1998 can be summarized in the following major points:

(a) The level of regular budget cash resources (including the Working Capital Fund) was $9.6 million. As compared to this, the cash balance as at 31 December 1997 was $13.5 million. The major reason for the lower cash balance in 1998 was payments amounting to $9.8 million for the staff separation programme for which no significant additional resources were received. A prudent cash level could only be achieved by the imposition of significant cuts in budgetary expenditures through the introduction of measures to reduce the cash outflow, as reported in document IDB.19/13;

(b) The collection rate of 1998 assessed contributions (82.9 per cent) is comparable with the 1997 rate of 83.8 per cent, and also compares favourably with the 1996 rate of 79.5 per cent;

(c) However, the collection rate of prior years' contributions (12.1 per cent) compares very poorly with the 1997 and 1996 rates of 21.5 and 17.0 per cent respectively;

(d) The cost of the staff separation programme is currently estimated at $10.5 million, with disbursements as at 31 December 1998 of $9.8 million. The amount originally estimated for this purpose was $15.9 million, of which $13.9 million was authorized from the 1994-1995 unutilized balances (GC.7/Dec.17). The remaining amount, $2 million, was to be financed from the unspent balance of the staff separation indemnity reserve established pursuant to General Conference decision GC.6/Dec.15;

(e) Regular budget implementation during 1998 was around 40 per cent of the biennial budget. The main reasons for the lower implementation were the uncertain cash flow, a shortfall in the collection of arrears and the non-availability of additional funds during the implementation of the staff separation programme;

(f) Operational budget income was $11.4 million, against which expenditures amounting to $13.3 million were incurred. This resulted in a deficit of $1.9 million, which was financed from the reserve carried over from 1997.

2. Tables 1, 2 and 3 provide the following information:

Table 1: Comparison of the cash flow for 1998 and 1997

Table 2: Financial status of the staff separation programme

Table 3: Status of the operational budget

II. STATUS OF ASSESSED CONTRIBUTIONS

3. Outstanding contributions as at 31 December 1998 are summarized below (details are shown in annex I to the present document). Outstanding contributions as at 31 December 1997, which have been revalued for comparison, are also shown below:

Outstanding contributions as at 31 December
(Millions of US dollars)

	1998	1997
Current year	11.86	11.74
Prior years	31.62	26.08
Subtotal	43.48	39.82
United States of America	62.23	62.23
Total outstanding contributions	105.71	102.05

4. Current information on the scale of assessed contributions, arrears, voting rights, payments received and the status of outstanding contributions is now available on the UNIDO Intranet and Internet Web site, which can be accessed at the following address:

http://www.unido.org/data/contrib/

III. SUSPENSION OF VOTING RIGHTS OWING TO NON-PAYMENT OF CONTRIBUTIONS

5. As indicated in the annex I to the present document, voting rights have been suspended in accordance with Article 5.2 of the Constitution and financial regulation 5.5(b), as follows:

	Number of Member States
General Conference	57
Industrial Development Board	3
Programme and Budget Committee	2

IV. SETTLEMENT OF ARREARS AND TIMELY PAYMENT OF ASSESSED CONTRIBUTIONS

Open-ended discussion group on timely payments

6. In its decision IDB.19/Dec.5, the Board emphasized the fundamental principle of adherence to the legal and financial obligations of membership in the Organization. In this regard, the Board invited all Member States to settle their arrears and to pay their assessed contributions on time and in full. In that decision, the Board also adopted the report of the open-ended discussion group on timely payment of assessed contributions and requested the Director-General to take forward the measures recommended therein. The progress on the implementation of the measures is described in paragraphs 7 to 13 below.

Progress on payment plans

7. The following actions were taken by the Director-General to communicate Board decision IDB.19/Dec.5 and the group's recommendations to 62 Member States whose voting rights had been suspended. Those Members owed a total amount of $30.1 million (or about 70 per cent of the arrears, excluding those owed by the United States).

8 June 1998: Letters were written to the Member States informing them of the Board decision and the group's recommendations. In order to solicit their interest in settling arrears under payment plans, a letter of intent was also sent. The letter from the Director-General also requested a response if the Member States were not interested in making use of a payment plan. The deadline for returning the letter of intent was 6 July 1998.

15 June 1998: UNIDO Representatives in the field were requested to solicit an early response from Member States.

20 October 1998: Reminders were sent to Member States requesting a response.

3 **December 1998:** All Member States, including the 62 whose voting rights had been suspended, were informed of the possibility to settle arrears through payment plans and other incentives to encourage the early payment of contributions.

8. Information by country concerning progress on payment plans is shown in annex II, and the following table provides an overview of response to the Director-General's communications. To date, no payment plan has been concluded.

	Number of countries	Payment received (June to Dec. 1998)	Amount outstanding
Interested in payment plans	4	$ 256,912	$ 7,653,884
Partial payments made, but no response to communications	11	$2,403,465	$ 4,265,562
No payment or response to communications	47	-	$16,447,612
Total	62	$2,660,377	$28,367,058

Incentives for early payment

9. To encourage Member States to make timely payments, the open-ended discussion group recommended the introduction of an incentive mechanism, based on a mathematical formula ("S" curve). The group also recommended that the incentive amount may be the interest earned under the regular budget in a given year, and that the incentive amount could be deducted from future assessed contributions or could be used for purposes specified by Member States.

10. Under the incentive mechanism, the interest earned on the investment of cash is distributed to Member States in accordance with a system of incentive points accumulated on the basis of the timing and amount of contributions paid. Incentives are relatively greater for States paying early in the year, and less for those paying in the second half of the year. An example illustrating the incentive mechanism is shown in annex III.

11. For each biennium, UNIDO estimates and budgets for an amount of interest expected to be earned on surplus funds. This amount is shown in the programme and budgets as miscellaneous income, and Member States' assessments are reduced by that amount in accordance with financial regulation 5.2(b). The incentive amount to be allocated to Member States would be the amount of interest earned over and above the estimated interest income reflected in the budget. This amount will only be known after the biennium's accounts are audited, i.e. by 1 June 2000 for the biennium 1998-1999. Therefore, the excess interest income for 1999, if any, could only be distributed in the form of a credit to the assessment of eligible Member States for the year 2001, or could be used for purposes specified by Member States. The interest income budgeted for 1999 is $698,100.

12. In order to permit the introduction of this scheme, Member States would have to agree to a modification of financial regulation 5.2(b). The Secretariat recommends that a temporary modification may be introduced by way of a General Conference decision pending a review of the scheme as explained in the following paragraph.

13. At present, the Secretariat is not in a position to determine whether the measures, including the "S" curve incentive mechanism, will have a direct bearing on improving the collection of assessed contributions during 1999. A document to be issued to the sixteenth session of the Programme and Budget Committee will report on any improvement in the pattern of payments by Member States which may indicate the extent to which the incentive measures have motivated them to pay their 1999 assessed contributions earlier as compared with previous years. The document will also report on the experience of other United Nations organizations that have adopted incentive schemes and payment plans.

V. ACTION REQUIRED OF THE COMMITTEE

14. The Committee may wish to recommend to the Industrial Development Board the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Takes note of the report on the financial situation of UNIDO (IDB.21/4-PBC.15/4);

"(b) Recommends that the General Conference, notwithstanding financial regulation 5.2(b), authorize the Director-General to distribute the interest income earned in excess of the budgetary estimates for 1999, if any, to eligible Member States in accordance with the incentive mechanism ("S" curve) described in paragraphs 9-13 of document IDB.21/4-PBC.15/4, or to utilize those funds for purposes specified by Member States;

"(c) Urges those Member States that have not yet paid their assessed contributions, including advances to the Working Capital Fund, and prior years' arrears to do so without delay."

Table 1. Regular budget cash flow
(Millions of dollars)

	1 January to 31 December	
	1998	**1997**
Opening balance (1 January)	13.5	3.4
Receipts		
Assessed contributions		
- Current year	54.3	69.4
- Prior years	8.3	16.8
Other income	12.0	16.6
Total receipts	74.6	102.8
Disbursements		
Regular budget	61.8	88.7
Separation indemnity	9.8	1.4
Prior years' obligations (net)	9.9	0.0
United Nations loan	1.0	1.0
Receivables/payables/revaluation (net)	(4.0)	1.6
Total disbursements	78.5	92.7
Closing balance (including Working Capital Fund)	**9.6**	**13.5**

Table 2. Staff separation programme
Financial status as at 31 December 1998
(Millions of US dollars)

Authorized from 1994-1995 (GC.7/Dec.17)		13.9
Unspent balance (GC.6/Dec.15)		2.0
	Total	15.9
Staff separation estimates		10.5
Disbursements to 31 December 1998		9.8

Table 3. Operational budget
Status as at 31 December 1998
(Millions of US dollars)

Technical cooperation delivery	79.5
Reserve balance (1 January 1998)	4.2
Income	11.4
Expenditure	(13.3)
Reserve balance (31 December 1998)	2.3

Annex I

STATUS OF ASSESSED CONTRIBUTIONS
TO THE UNIDO REGULAR BUDGET

As at 31 December 1998

	Outstanding contributions (In equiv. US dollars)[1]	Year(s) outstanding	Status of voting rights[2]
Afghanistan	58,585	1992(P)-1998	NO
Albania	67,246	1992(P)-1998	NO
Algeria	372	1998(P)	
Angola	5,571	1998(P)	
Argentina	1,612,978	1996(P)-1998	
Armenia	762,131	1992-1998	NO
Austria	-		
Azerbaijan	1,136,608	1993-1998	NO
Bahamas	27,993	1997(P)-1998	
Bahrain	-		
Bangladesh	91	1998(P)	
Barbados	6,909	1998(P)	
Belarus	897,342	1996(P)-1998	
Belgium	-		
Belize	6,771	1998	
Benin	6,102	1998	
Bhutan	-		
Bolivia	61,498	1992(P)-1998	NO
Bosnia and Herzegovina	204,244	1992-1998	NO
Botswana	-		
Brazil - IDB & PBC	7,331,591	1995(P)-1998	NO
Bulgaria	528	1998(P)	
Burkina Faso	56,310	1993(P)-1998	NO
Burundi	51,772	1993(P)-1998	NO
Cambodia	31,480	1995(P)-1998	NO
Cameroon	2,687	1998(P)	
Cape Verde - IDB	75,970	1991(P)-1998	NO
Central African Republic	91,945	1989(P)-1998	NO
Chad	76,257	1991-1998	NO
Chile	69,448	1998(P)	
China	-		
Colombia	-		
Comoros	111,949	1986-1998	NO
Congo	86,613	1989(P)-1998	NO
Costa Rica	74,703	1991(P)-1998	NO
Côte d'Ivoire	-		
Croatia	89,811	1998(P)	
Cuba	168,530	1996(P)-1998	

	Outstanding contributions (In equiv. US dollars)[1]	Year(s) outstanding	Status of voting rights[2]
Cyprus	-		
Czech Republic	-		
Democratic People's Republic of Korea	356,512	1992(P)-1998	NO
Democratic Republic of the Congo	85,777	1989(P)-1998	NO
Denmark	-		
Djibouti	75,991	1991(P)-1998	NO
Dominica	65,226	1992(P)-1998	NO
Dominican Republic	244,307	1986-1998	NO
Ecuador	65,459	1996(P)-1998	
Egypt	-		
El Salvador	100,369	1988-1998	NO
Equatorial Guinea	111,949	1986-1998	NO
Eritrea	19,831	1996(P)-1998	
Ethiopia	18	1998(P)	
Fiji	11,275	1997(P)-1998	
Finland	-		
France	-		
Gabon	45,879	1995(P)-1998	NO
Gambia	68,383	1991(P)-1998	NO
Georgia	1,315,001	1992-1998	NO
Germany	-		
Ghana	863	1998(P)	
Greece	-		
Grenada	79,455	1990(P)-1998	NO
Guatemala	178,966	1990(P)-1998	NO
Guinea	44,696	1994(P)-1998	NO
Guinea-Bissau	96,670	1988(P)-1998	NO
Guyana	-		
Haiti	6,571	1998	
Honduras	65,106	1992(P)-1998	NO
Hungary	-		
India	-		
Indonesia	113,672	1998(P)	
Iran (Islamic Republic of)	1,377,767	1996(P)-1998	
Iraq	1,161,095	1990(P)-1998	NO
Ireland	-		
Israel	-		
Italy	-		
Jamaica	6,909	1998(P)	
Japan	-		
Jordan	-		
Kazakhstan	349,494	1997-1998	

	Outstanding contributions (In equiv. US dollars)[1]	Year(s) outstanding	Status of voting rights[2]
Kenya	-		
Kuwait	421	1998(P)	
Kyrgyzstan	300,902	1993-1998	NO
Lao People's Democratic Republic	-		
Lebanon	-		
Lesotho	6,909	1998	
Liberia	84,753	1990-1998	NO
Libyan Arab Jamahiriya	179,628	1998(P)	
Lithuania	522,748	1994(P)-1998	NO
Luxembourg	-		
Madagascar	14,952	1997(P)-1998	
Malawi	21,913	1996(P)-1998	
Malaysia	-		
Maldives	16,428	1996(P)-1998	
Mali	42,169	1994(P)-1998	NO
Malta	-		
Mauritania	94,174	1988(P)-1998	NO
Mauritius	89	1998(P)	
Mexico	-		
Mongolia	-		
Morocco	-		
Mozambique	-		
Myanmar	-		
Namibia	-		
Nepal	638	1998(P)	
Netherlands	-		
New Zealand	-		
Nicaragua	111,949	1986-1998	NO
Niger	76,001	1991(P)-1998	NO
Nigeria	95,055	1998(P)	
Norway	-		
Oman	-		
Pakistan	55,271	1998	
Panama	22,051	1996(P)-1998	
Papua New Guinea	15,311	1997-1998	
Paraguay	237	1998(P)	
Peru	108,120	1997(P)-1998	
Philippines	51,415	1998(P)	
Poland	-		
Portugal	172,206	1998(P)	
Qatar	47,188	1997(P)-1998	
Republic of Korea	-		

	Outstanding contributions (In equiv. US dollars)[1]	Year(s) outstanding	Status of voting rights[2]
Republic of Moldova	702,423	1993(P)-1998	NO
Romania	-		
Russian Federation	7,974,544	1997(P)-1998	
Rwanda - PBC	55,864	1993(P)-1998	NO
Saint Kitts and Nevis	34,270	1995(P)-1998	NO
Saint Lucia	-		
Saint Vincent and the Grenadines	91,473	1989(P)-1998	NO
Sao Tome and Principe	111,949	1986-1998	NO
Saudi Arabia	2,051,435	1996(P)-1998	
Senegal	406	1998(P)	
Seychelles	28,857	1995(P)-1998	NO
Sierra Leone - IDB	77,368	1990(P)-1998	NO
Slovakia	-		
Slovenia	-		
Somalia	111,949	1986-1998	NO
Spain	-		
Sri Lanka	-		
Sudan	-		
Suriname	21,437	1996(P)-1998	
Swaziland	-		
Sweden	211,399	1998(P)	
Switzerland	-		
Syrian Arab Republic	52,147	1998(P)	
Tajikistan	224,223	1993(P)-1998	NO
Thailand	-		
The former Yugoslav Republic of Macedonia	20,772	1996(P)-1998	
Togo	57,212	1993(P)-1998	NO
Tonga	-		
Trinidad and Tobago	65,274	1996(P)-1998	
Tunisia	-		
Turkey	-		
Turkmenistan	147,192	1995-1998	NO
Uganda	39,789	1994(P)-1998	NO
Ukraine	7,552,878	1994(P)-1998	NO
United Arab Emirates	101,988	1998(P)	
United Kingdom of Great Britain and Northern Ireland	-		
United Republic of Tanzania	59,794	1992(P)-1998	NO
Uruguay	50,345	1997(P)-1998	
Uzbekistan	288,680	1996(P)-1998	
Vanuatu	62,439	1992(P)-1998	NO
Venezuela	151,214	1998	

	Outstanding contributions (In equiv. US dollars)[1]	Year(s) outstanding	Status of voting rights[2]
Viet Nam	7,896	1997(P)-1998	
Yemen	81,359	1991(P)-1998	NO
Yugoslavia[3]	1,741,467	1990(P)-1998	NO
Zambia	37,364	1994(P)-1998	NO
Zimbabwe	6,909	1998	
Subtotal (168 Member States)	**43,484,120**		
United States of America[4]	62,227,413	1994(P)-1996	NA
Total	**105,711,533**		

Summary of outstanding contributions by year:

	Dollars	Schillings	Total dollar equivalent
1986	45,081		45,081
1987	47,561		47,561
1988	74,584		74,584
1989	100,250		100,250
1990	488,031		488,031
1991	747,549		747,549
1992	997,599		997,599
1993	1,448,702		1,448,702
1994	9,755,195		9,755,195
1995	35,503,093		35,503,093
1996	3,664,096	346,624,981	33,417,311
1997	1,231,358	116,487,857	11,230,315
1998	1,999,882	117,291,170	11,856,262
Total	**56,102,981**	**580,404,008**	**105,711,533**

Notes:

(P) Partial payment

[1]According to financial rule 110.7, all UNIDO transactions in currencies other than United States dollars are recorded at the official rate of exchange established by the United Nations. The outstanding assessed contributions in Austrian schillings have been converted to US dollars using the following exchange rates:

(a) 1998 outstanding amount at US $1 = ATS 11.90

(b) 1996 and 1997 outstanding amounts at US $1 = ATS 11.65 (in accordance with Industrial Development Board decision IDB.7/Dec.7).

[2]The voting rights of 57 Member States have been suspended.

[3]In accordance with General Conference resolution GC/S.1/Res.1, the Federal Republic of Yugoslavia (Serbia and Montenegro) cannot continue automatically the membership of the former Socialist Federal Republic of Yugoslavia in UNIDO.

[4]Member State of UNIDO until 31 December 1996.

Annex II
PROGRESS ON PAYMENT PLANS

Status as at 31 December 1998
(In equivalent United States dollars)

Member State	Outstanding contributions		Payment received[3]
	1 June 1998[1]	31 December 1998[2]	
Interested in payment plans			
Burkina Faso	80,709	56,310	32,251
Guinea	43,542	44,696	
Kenya	24,065	-	24,661
Ukraine	7,574,098	7,552,878	200,000
Subtotal (4 countries)	**7,722,414**	**7,653,884**	**256,912**
Partial payments made, but no response to communications			
Belarus	1,437,338	897,342	581,993
Bolivia	68,363	61,498	8,019
Croatia	456,410	89,811	366,709
Ecuador	101,763	65,459	39,375
Grenada	78,301	79,455	7,876
Honduras	68,239	65,106	4,287
Libyan Arab Jamahiriya	804,283	179,628	651,684
Lithuania	572,585	522,748	92,900
Saudi Arabia	2,428,631	2,051,435	598,146
Seychelles	62,703	8,857	37,651
Tajikistan	233,789	224,223	14,825
Subtotal (11 countries)	**6,312,405**	**4,265,562**	**2,403,465**
No payment or response			
Afghanistan	57,431	58,585	
Albania	66,092	67,246	
Armenia	753,761	762,131	
Azerbaijan	1,118,457	1,136,608	
Bosnia and Herzegovina	202,750	204,244	
Brazil	7,071,027	7,331,591	
Burundi	50,618	51,772	
Cambodia	30,326	31,480	
Cape Verde	74,816	75,970	
Central African Republic	90,791	91,945	
Chad	75,103	76,257	
Comoros	110,795	111,949	
Congo	85,459	86,613	
Costa Rica	73,549	74,703	
Democratic People's Republic of Korea	348,460	356,512	

Member State	Outstanding contributions		Payment received[3]
	1 June 1998[1]	31 December 1998[2]	
Democratic Republic of the Congo	84,623	85,777	
Djibouti	74,837	75,991	
Dominica	64,072	65,226	
Dominican Republic	243,153	244,307	
El Salvador	99,215	100,369	
Equatorial Guinea	110,795	111,949	
Gabon	44,725	45,879	
Gambia	67,229	68,383	
Georgia	1,296,850	1,315,001	
Guatemala	175,607	178,966	
Guinea-Bissau	95,516	96,670	
Iraq	1,138,733	1,161,095	
Kyrgyzstan	296,047	300,902	
Liberia	83,599	84,753	
Mali	44,018	42,169	
Mauritania	93,020	94,174	
Nicaragua	110,795	111,949	
Niger	74,847	76,001	
Republic of Moldova	689,360	702,423	
Rwanda	54,710	55,864	
Saint Kitts and Nevis	33,116	34,270	
Saint Vincent and the Grenadines	90,319	91,473	
Sao Tome and Principe	110,795	111,949	
Sierra Leone	76,214	77,368	
Somalia	110,795	111,949	
Togo	56,058	57,212	
Turkmenistan	142,337	147,192	
Uganda	38,635	39,789	
United Republic of Tanzania	58,640	59,794	
Vanuatu	61,285	62,439	
Yemen	80,205	81,359	
Zambia	36,210	37,364	
Subtotal (47 countries)	**16,045,795**	**16,447,612**	-
Total (62 countries)	**30,080,614**	**28,367,058**	**2,660,377**

Notes

[1]Based on exchange rate US dollar 1 = ATS 12.40

[2]Based on exchange rate US dollar 1 = ATS 11.90 and 11.65

[3]For the period June-December 1998, based on exchange rate effective on the dates of receipt

Annex III

INCENTIVE MECHANISM

(Based on timing and amount of contribution)

1. Use of the mathematical formula ("S" curve) takes into account the number of days during the year for which funds paid are available to the Organization, thus giving a relatively greater reward to those States paying in the first half of the year and less to those paying in the second half of the year.

2. The use of the formula to calculate the incentive points is complex. However, the calculation has been simplified by a table (attached) that shows the number of incentive points to be awarded whenever a payment is received. The incentive points are awarded on the basis of each one thousand dollars.

Example

3. A Member makes full payment of its contribution (equivalent to US dollars 793,000) on 29 January 1999 (day 29 of the year). Assuming that total incentive points earned by all eligible Member States for 1999 was 190,000 and the incentive amount available for distribution was equivalent to $400,000, the incentive share of the Member State would be determined as follows:

(a) Calculation of the awarding of incentive points based on time of receipt of contribution:

Incentive points for 29 January (from table):		9.72
Amount received ($793,000) in thousands:		793
Incentive points to be awarded: 9.72 x 793	=	**7708**

(b) Calculation of incentive amount applicable to each incentive point:

Incentive amount ÷ Total incentive points OR $400,000 ÷ 190,000

= **$2.105** per incentive point

(c) Calculation of incentive amount applicable to the contribution of $793,000 received on 29 January1999:

Incentive amount from 'b' above x Incentive points from 'a' above

$2.105 x 7708 = **$16,225** resulting in a rebate of 2.05 per cent

Had the above contribution been paid on 29 September (day 269 of the year), the incentive amount would have been:

$2.105 x 833 (1.05 incentive points from the table x 793 amount received in thousands)
= $1,753 resulting in a rebate of 0.22 per cent

CALCULATION OF INCENTIVE POINTS USING "S-CURVE" FORMULA

January			February			March			April			May			June		
Day No.	Date	Points	Day No.	Date	Points	Day No.	Date	Points	Day No.	Date	Points	Day No.	Date	Points	Day No.	Date	Points
1	1	10.00	31	1	9.69	61	1	9.36	91	1	8.95	121	1	8.45	151	1	7.72
2	2	9.98	32	2	9.68	62	2	9.34	92	2	8.94	122	2	8.43	152	2	7.69
3	3	9.97	33	3	9.67	63	3	9.33	93	3	8.92	123	3	8.41	153	3	7.66
4	4	9.96	34	4	9.66	64	4	9.32	94	4	8.91	124	4	8.39	154	4	7.62
5	5	9.95	35	5	9.65	65	5	9.31	95	5	8.89	125	5	8.37	155	5	7.59
6	6	9.94	36	6	9.64	66	6	9.29	96	6	8.88	126	6	8.35	156	6	7.55
7	7	9.93	37	7	9.63	67	7	9.28	97	7	8.86	127	7	8.33	157	7	7.52
8	8	9.92	38	8	9.62	68	8	9.27	98	8	8.85	128	8	8.31	158	8	7.48
9	9	9.92	39	9	9.61	69	9	9.26	99	9	8.83	129	9	8.28	159	9	7.44
10	10	9.91	40	10	9.60	70	10	9.24	100	10	8.82	130	10	8.26	160	10	7.40
11	11	9.90	41	11	9.59	71	11	9.23	101	11	8.80	131	11	8.24	161	11	7.36
12	12	9.89	42	12	9.58	72	12	9.22	102	12	8.78	132	12	8.22	162	12	7.32
13	13	9.88	43	13	9.57	73	13	9.20	103	13	8.77	133	13	8.20	163	13	7.28
14	14	9.87	44	14	9.55	74	14	9.19	104	14	8.75	134	14	8.17	164	14	7.23
15	15	9.86	45	15	9.54	75	15	9.18	105	15	8.73	135	15	8.15	165	15	7.18
16	16	9.85	46	16	9.53	76	16	9.16	106	16	8.72	136	16	8.13	166	16	7.13
17	17	9.84	47	17	9.52	77	17	9.15	107	17	8.70	137	17	8.10	167	17	7.08
18	18	9.83	48	18	9.51	78	18	9.14	108	18	8.68	138	18	8.08	168	18	7.03
19	19	9.82	49	19	9.50	79	19	9.12	109	19	8.67	139	19	8.05	169	19	6.97
20	20	9.81	50	20	9.49	80	20	9.11	110	20	8.65	140	20	8.03	170	20	6.91
21	21	9.80	51	21	9.47	81	21	9.10	111	21	8.63	141	21	8.00	171	21	6.84
22	22	9.79	52	22	9.46	82	22	9.08	112	22	8.61	142	22	7.98	172	22	6.77
23	23	9.78	53	23	9.45	83	23	9.07	113	23	8.60	143	23	7.95	173	23	6.69
24	24	9.77	54	24	9.44	84	24	9.05	114	24	8.58	144	24	7.92	174	24	6.61
25	25	9.76	55	25	9.43	85	25	9.04	115	25	8.56	145	25	7.90	175	25	6.51
26	26	9.75	56	26	9.42	86	26	9.03	116	26	8.54	146	26	7.87	176	26	6.41
27	27	9.74	57	27	9.40	87	27	9.01	117	27	8.52	147	27	7.84	177	27	6.28
28	28	9.73	58	28	9.39	88	28	9.00	118	28	8.50	148	28	7.81	178	28	6.12
29	29	9.72	59	29	9.38	89	29	8.98	119	29	8.49	149	29	7.78	179	29	5.89
30	30/31	9.71	60	-	9.37	90	30/31	8.97	120	30	8.47	150	30/31	7.75	180	30	5.00

CALCULATION OF INCENTIVE POINTS USING "S-CURVE" FORMULA (continued)

July			August			September			October			November			December		
Day No.	Date	Points	Day No.	Date	Points	Day No.	Date	Points	Day No.	Date	Points	Day No.	Date	Points	Day No.	Date	Points
181	1	4.11	211	1	2.22	241	1	1.51	271	1	1.02	301	1	0.62	331	1	0.28
182	2	3.88	212	2	2.19	242	2	1.50	272	2	1.00	302	2	0.61	332	2	0.27
183	3	3.72	213	3	2.16	243	3	1.48	273	3	0.99	303	3	0.60	333	3	0.26
184	4	3.59	214	4	2.13	244	4	1.46	274	4	0.97	304	4	0.58	334	4	0.25
185	5	3.49	215	5	2.10	245	5	1.44	275	5	0.96	305	5	0.57	335	5	0.24
186	6	3.39	216	6	2.08	246	6	1.42	276	6	0.95	306	6	0.56	336	6	0.23
187	7	3.31	217	7	2.05	247	7	1.40	277	7	0.93	307	7	0.55	337	7	0.22
188	8	3.23	218	8	2.02	248	8	1.39	278	8	0.92	308	8	0.54	338	8	0.21
189	9	3.16	219	9	2.00	249	9	1.37	279	9	0.90	309	9	0.53	339	9	0.20
190	10	3.09	220	10	1.97	250	10	1.35	280	10	0.89	310	10	0.51	340	10	0.19
191	11	3.03	221	11	1.95	251	11	1.33	281	11	0.88	311	11	0.50	341	11	0.18
192	12	2.97	222	12	1.92	252	12	1.32	282	12	0.86	312	12	0.49	342	12	0.17
193	13	2.92	223	13	1.90	253	13	1.30	283	13	0.85	313	13	0.48	343	13	0.16
194	14	2.87	224	14	1.87	254	14	1.28	284	14	0.84	314	14	0.47	344	14	0.15
195	15	2.82	225	15	1.85	255	15	1.27	285	15	0.82	315	15	0.46	345	15	0.14
196	16	2.77	226	16	1.83	256	16	1.25	286	16	0.81	316	16	0.45	346	16	0.13
197	17	2.72	227	17	1.80	257	17	1.23	287	17	0.80	317	17	0.43	347	17	0.12
198	18	2.68	228	18	1.78	258	18	1.22	288	18	0.78	318	18	0.42	348	18	0.11
199	19	2.64	229	19	1.76	259	19	1.20	289	19	0.77	319	19	0.41	349	19	0.10
200	20	2.60	230	20	1.74	260	20	1.18	290	20	0.76	320	20	0.40	350	20	0.09
201	21	2.56	231	21	1.72	261	21	1.17	291	21	0.74	321	21	0.39	351	21	0.08
202	22	2.52	232	22	1.69	262	22	1.15	292	22	0.73	322	22	0.38	352	22	0.08
203	23	2.48	233	23	1.67	263	23	1.14	293	23	0.72	323	23	0.37	353	23	0.07
204	24	2.45	234	24	1.65	264	24	1.12	294	24	0.71	324	24	0.36	354	24	0.06
205	25	2.41	235	25	1.63	265	25	1.11	295	25	0.69	325	25	0.35	355	25	0.05
206	26	2.38	236	26	1.61	266	26	1.09	296	26	0.68	326	26	0.34	356	26	0.04
207	27	2.34	237	27	1.59	267	27	1.08	297	27	0.67	327	27	0.33	357	27	0.03
208	28	2.31	238	28	1.57	268	28	1.06	298	28	0.66	328	28	0.32	358	28	0.02
209	29	2.28	239	29	1.55	269	29	1.05	299	29	0.64	329	29	0.31	359	29	0.01
210	30/31	2.25	240	30/31	1.53	270	30	1.03	300	30/31	0.63	330	30	0.29	360	30/31	0.00

Distr.
GENERAL

IDB.21/5
PBC.15/5
3 March 1999

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Twenty-first session
Vienna, 23-25 June 1999

Programme and Budget Committee

Fifteenth session
Vienna, 14-16 April 1999
Item 3 (b) of the provisional agenda

COST-SHARING ISSUES WITH VIC-BASED ORGANIZATIONS

Report by the Director-General

Discusses developments with respect to consultations with other VIC-based organizations on the issues of buildings management and support to the Vienna chapter of the Group of 77 and China, in compliance with conclusion 98/4 of the Programme and Budget Committee.

Abbreviations

CTBTO	Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization
IAEA	International Atomic Energy Agency
UNOV	United Nations Office at Vienna
VIC	Vienna International Centre

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Introduction

1. The transfer of responsibility for buildings management to another VIC-based organization and support to the Vienna chapter of the Group of 77 and China were among the adjustments to the programme and budgets, 1998-1999, proposed by the Director-General to the fourteenth session of the Programme and Budget Committee (IDB.20/7-PBC.14/6). In its conclusion 98/4, paragraph (b), the Committee encouraged the Director-General to continue his consultations with the other VIC-based organizations to find a solution to the issue of buildings management and the Group of 77 Vienna chapter office, and to present concrete proposals to the Board at its twenty-first session. The present document outlines the developments in this area since the conclusion of the fourteenth session of the Committee.

I. BUILDINGS MANAGEMENT

2. As reported to the Board at its twentieth session (IDB.20/18), discussions with other agencies, including those in the Consultative Committee on Common Services, to transfer the responsibility for buildings management have not been fruitful. The measures planned by the Director-General are outlined in paragraph 3 of document IDB.20/18. As noted in paragraph 3 (c) of that document, buildings management is presented as a separate major programme in the proposed programme and budgets for 2000-2001 (PBC.15/7-IDB.21/7, Major Programme G).

II. SUPPORT TO THE GROUP OF 77

3. In compliance with PBC conclusion 98/4, letters were sent to the executive heads of IAEA, CTBTO and UNOV on 16 November 1998 seeking support for a cost-sharing arrangement for the G-77 Vienna chapter office. Subsequently, CTBTO and IAEA expressed agreement in principle to a cost-sharing arrangement. The issue was also raised in a meeting of executive heads of VIC-based organizations on 20 January. As a result, an initial cost-sharing proposal was communicated to IAEA, CTBTO and UNOV on 16 February 1999.

III. ACTION REQUIRED OF THE COMMITTEE

4. The Committee may wish to take note of the information contained in the present document, as submitted in compliance with conclusion 98/4, and make appropriate recommendations to the Industrial Development Board.

Distr.
GENERAL

IDB.21/6
PBC.15/6
25 February 1999

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Twenty-first session
Vienna, 23-25 June 1999

Programme and Budget Committee

Fifteenth session
Vienna, 14-16 April 1999
Item 7 of the provisional agenda

PROPOSALS FOR THE APPOINTMENT OF AN EXTERNAL AUDITOR

Candidatures for the appointment of an external auditor

Report by the Director-General

1. On the basis of recommendations by the Programme and Budget Committee and the Industrial Development Board, the General Conference, in its decision GC.5/Dec.17, decided to appoint the President of the Federal Court of Audit of Germany as the External Auditor for UNIDO for a period of two years beginning on 1 July 1994. Subsequently, the General Conference, in its decision GC.6/Dec.18, decided to extend the appointment of the President of the Federal Court of Audit of Germany until 30 June 1998. In that decision, the Director-General was requested, in future, to invite proposals from Member States for the appointment of an External Auditor and to submit such proposals to the Programme and Budget Committee for consideration. At its seventh session, the General Conference decided to extend the appointment of the President of the Federal Court of Audit of Germany until 30 June 2000 (GC.7/Dec.13). Thus, an appointment for an External Auditor is required for the period 1 July 2000 to 30 June 2002.

2. In compliance with decision GC.6/Dec.18, a note verbale dated 22 December 1998 was sent to Member States in which they were invited to inform the Director-General by 15 February 1999 of their interest in providing the services of an External Auditor, with a view to submitting such proposals to the Programme and Budget Committee at its fifteenth session.

3. In a communication dated 3 February 1999, the Permanent Representative of Germany informed the Director-General of the availability of the current External Auditor for an extension of her mandate as from 1 July 2000.

4. As of 15 February 1999, the following candidatures, including the candidature of the present External Auditor, had been received for the appointment of an external auditor:

Ms. Hedda von Wedel
President of the Federal Court of Audit of Germany

Mr. Osei Tutu Prempeh
Auditor-General of Ghana

Mr. Manzur Hussain
Auditor-General of Pakistan

Mr. D. Ubaldo Nieto de Alba
President of the Court of Audit of Spain

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.

5. After the deadline of 15 February 1999, two additional candidatures were received: on 16 February 1999, a communication submitting the candidature of Mr. Lemma Argaw, Auditor General of Ethiopia, was received from the Permanent Mission of Ethiopia to UNIDO; on 1 March 1999 a communication was received from the Permanent Mission of Ukraine to UNIDO, in which the candidature of Mr. Mykola Azarov, Head of the State Tax Administration of Ukraine, was submitted.

6. The communications submitting the respective candidatures appear in the annex to the present document.

7. The full text of financial regulation 11.1 is quoted herewith:

"An External Auditor, who shall be Auditor-General (or an officer exercising an equivalent function) of a Member State, shall be appointed in the manner and for the period decided by the Conference."

ACTION REQUIRED OF THE COMMITTEE

8. The Committee may wish to propose to the Industrial Development Board that it recommend to the General Conference the appointment of one of the candidates as External Auditor for UNIDO for a period of two years beginning on 1 July 2000. The appointment would fall under the terms of reference specified in article XI (and annex) of the Financial Regulations of UNIDO. The travel and costs related to the work of the External Auditor are to be borne by the UNIDO regular budget. In the proposals of the Director-General for the 2000-2001 biennium, the budgetary allocation for such travel and costs has been set at $310,000.

Annex

COMMUNICATIONS CONCERNING CANDIDATURES FOR THE APPOINTMENT OF AN EXTERNAL AUDITOR

A. Communication concerning the candidature of Ms. H. von Wedel, President of the Federal Court of Audit of Germany

THE PERMANENT REPRESENTATIVE
OF THE FEDERAL REPUBLIC OF GERMANY
TO THE OFFICE OF THE UNITED NATIONS AND
TO THE OTHER INTERNATIONAL ORGANIZATIONS
VIENNA

441.52/2

Vienna, 3 February 1999
Ki/Ku

Subject: External Auditor
Reference: Note Verbale No. CU 98/252 of 22 December 1998

Mr. Director-General

I have the honour to inform you of the availability of the External Auditor

Dr. Hedda von Wedel
President of the Federal Court of Audit

for a two-year extension of her mandate as from 1 July 2000. This extension has the support of my Government.

Please find enclosed Ms. von Wedel's curriculum vitae.

Accept, Mr. Director-General, the assurances of my highest consideration.

(*Signed*) Karl Borchard
Ambassador

Mr. Carlos Alfredo Magariños
Director-General
United Nations Industrial
Development Organization
Vienna International Centre
VIC - D 2268
1400 Vienna

Enclosure

Curriculum Vitae

Dr. Hedda von Wedel
President
Bundesrechnungshof (Federal Court of Audit)
Berliner Strasse 51
D-60311 Frankfurt
Germany

born 18 July 1942 in Quedlinburg (Saxony-Anhalt)

****

1961 - 1965	Law studies at the Universities of Kiel and Goettingen
1965 - 1967	Studies at the University of Bordeaux and at the Bologna Center of the Johns Hopkins University
1967 - 1970	Junior Barrister education at the Berlin Court of Appeal and the Celle Higher Regional Court
1969	Doctor's degree in law
1971	Junior Higher Executive Officer within the Office of the Regional Commissioner at Hildesheim, Lower Saxony
1973 - 1975	Head, Lower Saxony College of Administrative Science, Hildesheim Regional Division (responsible for training of executive officers for the internal affairs branch of the civil service)
1975 - 1976	Assistant Head of Division at the Federal Ministry for Intra-German Relations
1976 - 1978	Chief Training Officer at the Lower Saxony Ministry of the Interior
1978 - 1979	Chief Officer in the Cabinet of the Lower Saxony Minister of Economic Affairs and Transport
1979 - 1981	Chief Personnel Officer at the Lower Saxony Ministry of the Interior
1981 - 1983	Deputy Regional Commissioner for Lower Saxony's Weser-Ems Region
1983 - 1990	Under-secretary of State at the Lower Saxony Ministry of Food, Agriculture and Forestry
1990	Elected Member of the Federal Parliament, Member of the Constitutional Affairs Commission, the Legal Committee, and Deputy Chairperson of the Committee for the Scrutiny of Elections, Immunity and the Rules of Procedure
Dec. 6, 1993 to current	President of the Bundesrechnungshof (Federal Court of Audit)
1994 to current	External Auditor, UNIDO
Foreign languages:	English, French, Italian, Spanish

B. Communication concerning the candidature of Mr. Osei Tutu Prempeh, Auditor-General of Ghana

Ministry of Trade & Industry
P.O. Box M.47
Accra, Ghana

Our Ref: No GB 68/384/02
Your Ref: No

15th February 1999

Dear Sir,

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION (UNIDO) APPOINTMENT OF EXTERNAL AUDITOR

We write with reference to your Note Verbale No. CU 98/252 dated December 22, 1998 in connection with the above subject.

We take this opportunity to confirm Government of Ghana's interest in sponsoring her Auditor-General, Mr. Osei Tutu Prempeh, to provide the services of an External-Auditor to UNIDO for a period of two years, beginning July 1, 2000.

Mr. Osei Tutu Prempeh's curriculum vitae is attached herewith for your necessary action.

Please accept the assurances of my highest consideration.

Yours faithfully,

(Signed) **DR. JOHN ABU**
MINISTER

THE DIRECTOR-GENERAL
UNIDO
P.O. Box 300, A-1400
VIENNA - AUSTRIA

Cc: Head of Mission
Ghana Permanent Mission
56, Rue de Moillerbeau
1209 Geneva

THE AUDITOR-GENERAL

Phone: 664928, 662493 Ministry Block O, P.O. Box M. 96, Accra, Ghana.

15 February 1999

The Minister,
Ministry of Trade & Industry,
P.O. Box M. 47,
Accra, Ghana.

(Attn: Mr. S.Y. Bortsi (Dep. Director)

Dear Sir,

United Nations Industrial Development Organization (UNIDO)
Appointment of External Auditors

I refer to your referenced letter GB.68/384/02 of 11th February 1999 on the above subject and submit herewith a copy of the Curriculum Vitae of Mr. Osei Tutu Prempeh, the Auditor-General for onward transmission to UNIDO.

Thank you.

Yours faithfully,

(*Signed*) Osei Tutu Prempeh
(Auditor-General)

CURRICULUM VITAE

Personal Particulars

Name: Osei Tutu Prempeh
Date of Birth: 20 April 1937

Educational Qualification

i) Cambridge School Certificate - 1953
ii) G.C.E. Advanced Level - 1954

Certificates Obtained

i) Certificate course in Modern Audit Concepts and Techniques in Development and Productivity Institute in Accra from July to August 1975.

ii) Certificate course in Accountancy and Finance for Developing Countries at Strathclyde University in Glasgow, Scotland in September 1977.

iii) Certificates in New Developments in Government Financial Management for Government Financial Managers obtained from Miami, Florida in April 1987, 1996 and 1998.

United Nations Assignments

1. He is currently responsible for the audit of 21 United Nations bodies, funds and programs.
2. Chairman of the UN Board of Auditors for five times in 1990, 1991, 1993, 1996 and 1998.
3. Chaired the Regular Session of the United Nations Board of Auditors in New York in June 1990.
4. Chaired the Board's Regular Session in New York in June 1991.
5. Chaired the special session of the Board in New York in Oct.-Nov. 1991.
6. Chaired the Regular Session of the UN Board of Auditors in New York in June-July 1993.
7. Chaired the Special Session of the UN Board of Auditors in New York in October 1993.
8. Chaired UN Board of Auditor's Regular Session in New York in 1996.
9. Led a 6-man Fact-finding mission to SAI of Zimbabwe, South Africa and the State of Florida, USA.
10. Attended the 16th INCOSAI Conference in Uruguay in Nov. 1998.

C. Communication concerning the candidature of Mr. Manzur Hussain Auditor-General of Pakistan

PERMANENT MISSION OF PAKISTAN TO THE INTERNATIONAL ORGANIZATIONS
Hofzeile 13
A-1190 Vienna

No. Amb. 15/99

February 2, 1999

The Permanent Mission of the Islamic Republic of Pakistan presents its compliments to the United Nations Industria l Development Organization (UNIDO) and with referen ce to the esteemed Organization's Note No. CU 98/252 dated December 22, 1998, has the honour to state that the Government of Pakistan has decided to nominate Mr. Manzur Hussain, Auditor - General of Pakistan, for the post of the UNIDO's External Auditor, for a period of two years beginning on July 1, 2000. The bio-data of the Auditor General is enclosed.

The Permanent Mission of the Islamic Republic of Pakis tan avails itself of this opportunity to renew to the United Nations Industrial Development Organization the assurances of its highest consideration.

[*Stamp of the Permanent Mission of Pakistan to the United Nations*]

The United Nations Industrial
Development Organization (UNIDO)
Vienna International Centre,
Vienna.
(Fax No. 43-1-2633011)

CURRICULUM VITAE
MR. MANZUR HUSSAIN
Auditor-General of Pakistan

Appointed as Auditor-General of Pakistan on 17 July, 1997, Mr. Manzur Hussain brings to his office rich experience of over 36 years of public service both as a professional auditor and a senior administrator.

ACADEMIC AND PROFESSIONAL CAREER

1987 Qualified professional examination of the Institute of Cost and Management Accountants of Pakistan (ICMAP).

1962 Obtained degree in the education of training from the Punjab University, securing 1 st Position and a Gold Medal.

1961 Obtained Master's Degree from the Punjab University, securing 1 st Position and a Gold Medal.

PROFESSIONAL EXPERIENCE

1997 (July)	Auditor-General of Pakistan for a five-year tenure.
1994-97	Chairman, National Tariff Commission, Government of Pakistan.
1994	Secretary to Government of Pakistan, Ministry of Minority Affairs.
1991-94	Additional Secretary (Regulation), Establishment Division.
1990-91	Joint Secretary (Regulation), Establishment Division.
1990	Joint Secretary (External Finance), Ministry of Finance.
1989-90	Joint Secretary (Development), Ministry of Health.
1984-89	Joint Secretary (Budget), Ministry of Finance.
1981-84	Joint Secretary, Government of Pakistan, Ministry of Finance.
1979-81	Chief Accounts Officer, Pakistan Telegraph & Telephone Deptt.
1976-79	Additional Ac. ountant General, Pakistan Revenues.
1973-76	Chief Accounts Officer, Ministry of Foreign Affairs.
1971-73	Director, Internal Audit, Ministry of Communications.
1969-71	Deputy Accountant General of the Province of NWFP.
1967-69	Assistant Accountant General, Pakistan Revenues.
1964-67	Trainee at the Finance Services Academy, Government of Pakistan.
1964	Qualified all Pakistan Competitive Civil Service Examination conducted by the Federal Public Servic e Commission.
1963	Started career as a college lecturer in graduate studies.

COURSES AND SEMINARS

Attended National Advanced Management Course at the Pakistan Administrative Staff College, Computer Applications course at Pakistan Computer Bureau, and training program in Governmental Financial Rules & Procedures organized by th e Department of the Auditor General besides numerous other financial management courses.

Attended IMF courses on Government Finance Statistics and Financial Analysis and Policy, WTC course on Financia l Management using PCS and EDI course on Power Projects besides participating in regional and international conferences and seminars pertaining to financial management and administration sponsored by Commonwealth Secretariat, INCOSAI , ARABOSAI, ASOSAI, ECOSAI, UNDP, UNICEF AND ILI.

D. Communication concerning the candidature Mr. D. Ubaldo Nieto de Alba
President of the Court of Audit of Spain

PERMANENT MISSION OF SPAIN
TO THE INTERNATIONAL ORGANIZATIONS
VIENNA

Vienna, 3 February 1999

ONUDI/No. 2

Sir,

I am writing in compliance with instructions from the Minister for Foreign Affairs of my country in connection with the content of your communication, dated 22 December 1998, referring to the submission of proposals for the appointment of an External Auditor for a two-year period beginning on 1 July 2000.

In this regard, I have the honour to officially present the candidature of the President of the Court of Audit of Spain for the post of External Auditor during the above-mentioned period, in the person of Mr. Ubaldo Nieto de Alba.

Spain's Court of Audit, a prestigious institution constituting an important element of the political system of the parliamentary monarchy, is the supreme organ responsible for auditing the accounts and finances of the State and the public sector. Its direct accountability to Parliament (*Cortes Generales*), the constitutional assignment of its auditing and jurisdictional functions, and the status of its members, who enjoy the same independence and security of tenure as judges, guarantee the functioning and *raison d'être* of this institution, whose historical beginnings in Spain date back to the Middle Ages.

The Court of Audit of Spain, which is a member of the International Organization of Supreme Audit Institutions (INTOSAI), serves on a permanent basis as the General Secretariat of the Regional Working Group of the European Organization of Supreme Audit Institutions (EUROSAI), which brings together the supreme audit institutions of Europe and, as such, coordinates 39 such institutions, publishes an annual magazine and a quarterly news bulletin in the Organization's five official languages, and maintains a documents database containing the regulations and publications of all member countries.

The experience acquired by the above-mentioned Spanish institution has led to its participation in the auditing of international organizations and projects, such as the European Organization for Nuclear Research (CERN), the European Molecular Biology Laboratory (EMBL), the Western European Union (WEU) and the European combat aircraft.

Finally, I wish to point out that the candidature of the President of the Court of Audit, Mr. Ubaldo Nieto de Alba, whose curriculum vitae I enclose herewith, has the full support of my Government.

Accept, Sir, the assurances of my highest consideration.

(*Signed*) Antonio Ortiz
Ambassador, Permanent Representative

Mr. Carlos Magariños
Director-General
UNIDO
Vienna

CURRICULUM VITAE

Mr. Ubaldo Nieto de Alba, President of the Court ofAudit, is a native of Ponferrada (León), Spain, where he was born on 17 May 1931.

I. TITLES AND QUALIFICATIONS:

Doctorate and bachelor's degree in economic sciences, with special distinction; he is also a qualified insurance actuary, with special final course distinction.

Full professorship in financial economics at the Faculty of Economic and Business Sciences, Complutense University of Madrid.

Served in the State Finance Inspectorate of the Ministry of Economic Affairs and Finance and the Medical Statistic s Division of the National Statistical Institute.

II. DECORATIONS:

Insignia of Alfonso X the Wise.

Social Security Blue Cross, gold category.

Order of Constitutional Merit.

III. POSITIONS HELD:

Dean of the Faculty of Economic and Business Sciences, Complutense University of Madrid (1970-1973)

President of the Financial and Economic Affairs Commission in the Senate (1977-1982, Constituent Assembly and First Legislature)

From 1982, was Consultant at the Court of Audit; was subsequently elected Vice-President and, since December 1997, has been President of the Court of Audit.

IV. MEMBERSHIP:

Royal Academy of Financial and Economic Sciences (Barcelona), Institute of Spanish Actuaries, Institute of Chartered Accountants, Association of Professional Accou ntants of Madrid, International Actuarial Association (ASTIN), Spanish Society of General Systems (founder member), Spanish Association of Accountancy and Administration (AECA) , International Insurance Society (IIS), USA.

V. BOOKS AND ARTICLES PUBLISHED:

Of more than 60 published articles and books, particular mention should be made of the following:

Introducción a la Estadística y Econometría (Introduction to statistics and econometrics), 3 volumes (Aguilar, 1974)

Introducción a la Decisión Empresarial (Introduction to business decision-making) (Somosaguas, 1973)

Ciencia de la Dirección y Formación del Dirigente (Management science and managerial training) (CUNEF, 1975)

De la Dictadura al Socialismo Democrático. Análisis sobre el cambio de modelo socioeconómico en España (From dictatorship to democratic socialism. Analysis of the change of socio-economic model in Spain) (Unión Editorial , Madrid, 1984)

El Control del Sector Financiero (Financial sector control) (Court of Audit publications, 1989)

Ética de Govierno, economía y corrupción (Ethics of government, economics and corruption) (Editorial Complutense, Madrid, 1996)

Historia del tiempo en economía (History of time in economics) (McGraw-Hill, Madrid, 1998)

"*La Gestión de la Economía en la Era de la Complejidad*" ("Management of the economy in the era of complexity"), lecture delivered at the University of Buenos Aires, Faculty of Eco nomic Sciences, on 11 November 1998, and published in the economic journal *Revista Técnica Económica*, issue No. 165, of the Central Association of Trade and Business Professionals of Madrid, December, 1998.

"*Control del Sector Público: Perspectivas de futuro*" ("Public sector auditing: future prospects"), in the externa l auditing journal *Revista Española de Control Externo* (Court of Audit publication, Madrid, 1999)